

SENATE BILL 1541

By Beavers

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 6, relative to sales and use tax on food
and food ingredients for human consumption.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 2, is amended by deleting §67-6-228 in its entirety and by substituting instead the following:

Section 67-6-228.

(a)

(1) Except as otherwise provided in (a)(2), there is exempt from the state tax imposed by this chapter the retail sale of food and food ingredients for human consumption; provided that the retail sale of food and food ingredients for human consumption is not exempt from the tax imposed by part 7 of this chapter.

(2) The retail sale of the following food and food ingredients shall be taxed at the rate of tax levied on the sale of tangible personal property at retail by the provisions of §67-6-202:

(A) Candy;

(B) Dietary supplements; and

(C) Prepared food.

(3) For purposes of this section:

(A) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars,

drops, or pieces. Candy shall not include any preparation containing flour and shall require no refrigeration;

(B) "Dietary supplement" means any product, other than tobacco, intended to supplement the diet that:

(i) Contains one or more of the following dietary ingredients:

(a) A vitamin;

(b) A mineral;

(c) An herb or other botanical;

(d) An amino acid;

(e) A dietary substance for use by humans to supplement the diet by increasing the total dietary intake; or

(f) A concentrate, metabolite, constituent, extract, or combination of any ingredient described above; and

(ii) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such a form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and

(iii) Is required to be labeled as a dietary supplement, identifiable by the "Supplement Facts" box found on the label and as required pursuant to 21 C.F.R. §101.36; and

(C) "Prepared food" means:

(i) Food sold in a heated state or heated by the seller; or

(ii) Two (2) or more food ingredients mixed or combined by the seller for sale as a single item; or

(iii) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. "Prepared food" does not include food that is only sliced, repackaged, or pasteurized.

(b) Except as otherwise provided in this section, "food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value.

(c) As used in this section, "food and food ingredients" does not include the following items which shall be taxed at the rate of the tax levied on the sale of tangible personal property at retail by the provisions of §67-6-202:

(1) Beer, wine or any other beverage, however designated, that contains alcohol and is regulated pursuant to title 57; or

(2) Cigarettes, cigars or any other product, however designated, that contains tobacco.

SECTION 2. This act shall take effect at 12:02 a.m. on July 1, 2007, the public welfare requiring it.